

SEP 29 1977

MICHAEL RODAK, JR., CLERK

77-494

No. _____

IN THE
SUPREME COURT
OF THE UNITED
STATES

November Term, 1977

GEMEINDE BRAU, INC.
PAUL A. ZIMMERMAN
EMMA J. ZIMMERMAN and
COLD SPRING BREWING CO.

Petitioners,

v.

AMANA SOCIETY, and
AMANA REFRIGERATION, INC.,

Respondents.

**PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS FOR
THE EIGHTH CIRCUIT**

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The Petitioners, Gemeinde Brau, Inc., Paul A. and Emma J. Zimmerman and Cold Spring Brewing Co., pray that a Writ of Certiorari issue to review the opinion and judgment of the United States Court of Appeals for the Eighth Circuit, rendered in these proceedings on July 6, 1977.

OPINIONS BELOW

The "Findings of Fact and Conclusions of Law and Order" of the Honorable Edward V. McManus, District Judge for the United States District Court, for the Northern District of Iowa, Cedar Rapids Division, entered July 13, 1976, appears at Appendix A.

The opinion of the United States Court of Appeals for the Eighth Circuit, sustaining judgment for the Respondents herein rendered July 6, 1977, appears at Appendix B.

JURISDICTION

Subject matter jurisdiction for the court of first instance is based upon 15 U.S.C.1, et al. This Petition for Certiorari was filed less than 90 days from the date of the Judgment of the Appeals Court which was July 6, 1977.

QUESTIONS PRESENTED

1. Whether or not Respondents (Plaintiffs in prior action) are jointly owners of the trademark AMANA, to the exclusion of all others, when applied to new goods (beer) for which neither Plaintiff has registered, or used the trademark since the first trademark

registration or since the first identified trademark use in 1932.

2. Whether or not Petitioner's use of the legend "AMANA BEER Amana, Iowa" is an identity of the source of the beer as "Amana, Iowa" or is an identity with and an infringement of the trademark of Amana Refrigeration, Inc., registered for different goods, of which refrigerators is an example, or is an identity with and an infringement of the trademark of Amana Society, Inc., registered for different goods, of which bread is an example.

3. Whether or not, the Respondents (Amana Society) acts of asserting economic pressure on third parties not to purchase any products including products not involved in litigation, such as "Cold Spring Beer" from Petitioners, Gemeinde Brau, Inc., et al, constituted "unclean hands, trademark misuse, restraint of trade or other anti-trust violation" that is a complete defense in a trademark infringement action.

4. Whether Amana Society is entitled to attorney's fees in the matter of a trademark infringement action for goods for which the Amana Society has not registered the trademark nor is using the trademark with.

A principal issue for this action is the fact that neither the District Court nor the Appeals Court ruled on Petitioners issue that Respondents were guilty of anti-trust law violation and such a violation was a complete defense to an infringement action and wherein the evidence was clear that an anti-trust violation had taken place in the combination of two or

more separate entities in conspiracy to restrain trade as shown in the following letter that comprised Defendant's Exhibit D-11, which reads:

"January 2, 1976
Mr. Reynold Moessner
Chairman of the Oktoberfest
Committee

Dear Reynold:

We take this means of informing you of the fact that due to alleged misuse of the name "Amana" by Gemeinde Brau, Inc., we would ask that you **refrain from selling any products** originating from Gemeinde Brau, Inc., and/or their officers and directors, at the OKTOBERFEST grounds presently being leased by you from the Amana Society. We would appreciate a commitment from your committee, signed by all members, confirming this arrangement. If the OKTOBERFEST Committee does not feel inclined to honor this request, we shall be forced to **terminate your lease** of the OKTOBERFEST Grounds.

An early reply will be appreciated. (Emphasis added)

Very truly yours,

AMANA SOCIETY

Signed Don Shoup
Don Shoup, General Manager"

The conspiracy or combination of the Amana Society and the Chairman of the Oktoberfest Committee in blocking the sale of **any products** of Gemeinde Brau, Inc., regardless of whether these products (Cold Spring Beer) could have been involved in a trademark action, is an anti-trust violation serious enough to be replied to by the Appeals Court (or by the District Court) and unless so replied to and ruled on, the

Petitioners will not have had their day in court and justice will have been thwarted by silence.

STATUTORY PROVISIONS INVOLVED

As pointed out in Petitioners' (Appellants') Reply Brief of May 5, 1977, pp. 3 and 4, the Statutes relied on to support Issue No. 3 above are 15 U.S.C.A. 1, which reads:

"Every contract, **combination** in the form of trust **or otherwise**, or **conspiracy**, in **restraint of trade** or commerce among the several states, or foreign nations, **is declared to be illegal**. Every person who shall make any contract or engage in any combination or conspiracy declared by sections 1 to 7 of this title to be illegal shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court."

and 15 U.S.C.A. 1115 (b) (7) which reads:

"(b) If the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 1065 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) . . .

(7) That the mark has been or is being used to violate the antitrust laws of the United States."

STATEMENT OF THE CASE

A consolidated action for trademark infringement under 15 U.S.C. 1065 was tried before JUDGE EDWARD V. McMANUS in the United States District Court for the Northern District of Iowa, Cedar Rapids Division, that had jurisdiction of the parties and of the subject matter based upon 28 U.S.C. §1388 and 15 U.S.C. §1121 and the Eighth Circuit Court of Appeals has jurisdiction under 15 U.S.C. §1121. The Order following the trial in the District Court was handed down on July 13, 1976; the Judgment of the Eighth Circuit Court of Appeals was handed down July 6, 1977, and this action deals primarily with this Order and Appeals Court decisions, which Petitioners (Defendants in District Court) contend contain reversible error in that neither court ruled on the important issue of anti-trust violation.

As a background to the subject matter of the case, the following facts are listed as relevant to the issues as presented to the Appeals Court for review and include those shown under the District Court's Findings of Facts and Conclusion of Law. Petitioners' summary of pertinent facts are:

a. Plaintiff Amana Society, Inc., has registered the trademark Amana for bread, buns, cakes, rolls, hams, bacon and sausage, and other products, not including beer. (District Court's Order of July 13, 1976, page 1)

b. Plaintiff Amana Refrigeration, Inc., has registered the trademark Amana for refrigerators, and other products not including beer. (District Court's Order of July 13, 1976, page 1)

c. Neither Plaintiff has registered the trademark Amana for the product, beer. (Process of elimination of "a" and "b" above)

d. Neither Plaintiff has used the trademark Amana for the product, beer. (See Don Shoup's testimony, Transcript of Testimony, March 10, 1976, pp. 22-25, shows Amana Society has not been in the beer business per se since 1932; (Merlin Morris' testimony p. 84 re Amana Refrigeration, Inc.).

e. Defendants marketed a beer for a few days under the legend "AMANA BEER Amana, Iowa" and included elsewhere on the can the name of their brewer: "Cold Spring Brewing Co., Cold Spring, Minnesota." (Plaintiff's Exhibit #1)

f. The general public as represented by tourists in the Amana Colonies, were not able to distinguish the source of goods bearing the trademark Amana of Amana Society, Inc., and the logo of Amana Refrigeration, Inc., and other products bearing the name Amana were not from either source. (Shoup's testimony, Transcript of Testimony, March 10, 1976, pp. 18, lines 20-23 and see Exhibits D-69 series and D-31)

g. Defendants Zimmermans and their forefathers were natives of the Amanas and they related to this heritage and this geographical location and their beer was made from an old Amana formula. (Emma Zimmerman's testimony, Transcript of Testimony, March 10, 1976, p. 144, line 20 - page 146, line 12)

h. There was no evidence of confusion in the marketplace of Defendant's use of the legend "AMANA BEER Amana, Iowa" and the source of

refrigerators or bread and meat products. (Dolan's Testimony, Transcript of Testimony, March 10, 1976, pp. 134, line 24 - pp. 135, line 21 and Paul Zimmerman's testimony from the same transcript, pp. 132, line 18 - pp. 133, line 1 and Paul and Emma Zimmerman's testimony from the same transcript pp. 144, line 3 through pp. 150, line 24)

i. Defendant Paul Zimmerman was refused permission in 1972 by Amana Society to use the name Amana in connection with his beer, and it has been since determined that Amana Society could not legally license a manufacturer or distributor of beer because of state and federal regulations. (Defendant's Exhibits D-84 and D-85)

j. Defendant Paul Zimmerman consulted his attorney on his right to market a beer bearing the legend "AMANA BEER Amana, Iowa" and was told he could proceed. (Deposition of Paul Zimmerman, January 7, 1976, p. 46, lines 13-17, and See Defendant Exhibits D-100 and Plaintiff's Exhibit 6)

k. Defendant Paul Zimmerman proposed a new label that would prominently display the names of both the brewer, "Cold Spring Brewing Co." and the distributor, "Gemeinde Brau, Inc." in addition to "Amana, Iowa". (Defendants' Exhibit D-91)

l. Plaintiff Amana Society used economic coercion to prevent a third party, Mr. Reynold Moessner, Chairman of Oktoberfest Committee, from dealing in Defendants' products, including products (Cold Spring Beer) not involved in this litigation. (Defendants' Trial Brief, p. 9)

m. Plaintiff Amana Society has broadly asserted that they "own the name Amana" without mention of any trademark rights or without relation to any particular products. (See Plaintiff's letter to Mr. Larry Mayberry, Landmark Restaurant, Defendants' Trial Brief, p. 2) Petitioners assert this to be a trademark misuse.

REASONS FOR GRANTING THE WRIT

By accepting this Petition and acting thereon in a manner to grant a Writ of Certiorari, the Supreme Court will be able to rectify a serious omission by the Appeals Court (and by the District Court) and permit the important issue of whether there was an anti-trust law violation by the respondents, which is a complete defense in a trademark infringement case, to be decided. The Appeals Court Order was silent on this point, even though your Petitioners specifically requested a ruling on this point. It appears to the Petitioners that justice has been denied them in this instance by silence, and yet the issue (anti-trust violation) is so exceedingly important in today's society that they would rather receive a positive ruling, even if unfavorable, than to receive the silence of no response. The Supreme Court's acceptance and favorable ruling on this Petition would formally recognize the Petitioner's right to be heard and receive a ruling on all issues of merit contained in his pleadings, and that silence is not a satisfactory answer to a party's pleadings.

Another reason for accepting this Petition is to permit the Supreme Court to define the scope of the

monopoly grant under a geographic name trademark, and determine if the scope of protection afforded by a geographic trademark is so broad as to establish a monopoly over **all use** of the geographic trademark for **all products**, whether used by the trademark owner or not, to the exclusion of all others including natives of the same geographic location for their own products that are different from those bearing the trademarks of others.

CONCLUSION

This case gives this Court the opportunity to establish a precedent from which the lower courts may derive notice of a requirement that issues of merit must be responded to in order to determine that full justice and a complete decision has been carried out.

This case will also permit this Court to establish limits to the geographic name use monopoly to a finite scope so that one or two corporations cannot completely monopolize the name of a geographic location for all goods, whether or not used by them in commerce.

On the basis of the foregoing, it is respectfully requested that this Court issue a Writ of Certiorari in this case.

Respectfully submitted,
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APPENDIX A

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF IOWA
CEDAR RAPIDS DIVISION**

AMANA SOCIETY,	<i>Plaintiff,</i>	
vs.		C 75-63
GEMEINDEBRAU, INC., <i>et al.</i> ,	<i>Defendants,</i>	
and		ORDER
AMANA REFRIGERATION, INC.,	<i>Plaintiff,</i>	
vs.		C 75-66
GEMEINDE BRAU, INC., <i>et al.</i> ,	<i>Defendants.</i>	

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

This consolidated action for trademark infringement was tried to the Court.

FINDINGS OF FACT

1. Plaintiff Amana Society, Amana, Iowa, is the owner of the trademark AMANA.¹

¹The Amana Society's August 13, 1963 U.S. Patent Office registrations for the trademark AMANA are as follows:

No. 754,769 "For: bread, buns, cakes, rolls, hams, bacon, sausage." No. 754,718 "For: woolen blankets, woolen robes, woolen flannels, woolen suitings, woolen shirtings." No. 754,619 "For: walnut and cherry furniture for residential and business use."

2. Plaintiff Amana refrigeration, Inc., Amana, Iowa, is the owner of the trademark AMANA.²

3. Defendants Paul and Emma Zimmerman are the sole officers of Defendant Gemeinde Brau, Inc., Amana, Iowa. Defendant Cold Spring Brewing Co., Cold Spring, Minnesota, brewed AMANA BEER.

4. Plaintiff Amana Society has used the mark AMANA in connection with its products since 1932. Plaintiff Amana Refrigeration, Inc. has used the mark AMANA in connection with its products since acquiring the assets of the Refrigeration Division of Amana Society in 1950. AMANA has become recognized throughout the United States as identifying and distinguishing plaintiffs' products.

5. Notwithstanding plaintiffs' well known and prior established rights in the trademark AMANA, defendants began commercial distribution of a beverage labeled AMANA BEER in December 1976 to retail outlets in the Amana and Cedar Rapids, Iowa area, without plaintiffs' consent.

6. The sale of AMANA BEER is likely to cause the purchasing public to believe AMANA BEER is sold,

²Amana Refrigeration, Inc.'s U.S. Patent Office registrations for the trademark AMANA are as follows: No. 889,068, registered April 7, 1970, "For: cooking ovens and furnaces." No. 715,075, registered May 9, 1961, "For: dehumidifiers and central air conditioning apparatus and parts thereof." No. 587,025, registered March 16, 1954, "for refrigerators, freezers, and parts thereof."

sponsored by, or otherwise connected with plaintiffs.³

7. Defendant Paul Zimmerman was aware of plaintiffs' trademark registrations and was refused Amana Society permission in 1972 to use the name AMANA in connection with his beer business.

CONCLUSIONS OF LAW

1. The Court has jurisdiction of the parties and the subject matter. 28 USC §1338; 15 USC §1121.

2. Each plaintiff has proven by a preponderance of the evidence that its distinctive mark AMANA has acquired a secondary meaning. *Flavor Corp. of America vs. Kemin Industries, Inc.*, 493 F2d 275 (8th Cir. 1974).

3. Each plaintiff has proven by a preponderance of the evidence that defendants' use of the registered mark AMANA in commerce, without consent, is likely to cause confusion to an ordinarily prudent purchaser and thereby infringes each plaintiffs' trademark. 15 USC §1114(1); *David Sherman Corp. v. Heublein Co.*, 340 F2d 377 (8th Cir. 1965); *Electronic Com'ns, Inc. v. Electronic Components For Ind. Co.*, 443 F2d 487 (8th Cir. 1971), CERT. DEN. 404 US 833 (1971); *HMH Publishing Co. Inc. v. Brincat*, 504 F2d 713 (9th Cir. 1974).

³AMANA BEER was sold in stores marketing the various Amana Society grocery products. Beer, a refrigerated product, is not totally unrelated to Amana Refrigeration, Inc.'s line of refrigerators. Amana Refrigeration, Inc.'s advertising expert testified to instances of actual confusion. Due to the strength of plaintiffs' mark, defendants could expect to trade upon plaintiffs' good will and reputation.

4. Plaintiffs have proven by a preponderance of the evidence that defendants should be permanently enjoined. 15 USC §1116.

5. Plaintiffs are entitled to have defendants' AMANA BEER cans delivered to plaintiffs for destruction. 15 USC §1118.

6. Plaintiffs are entitled to defendants' profits from the sale of AMANA BEER and the costs of this action. 15 USC §1117.

7. Plaintiff Amana Society is entitled to reasonable attorneys' fees due to defendants' deliberate use of the mark AMANA after being denied Amana Society permission, making C 75-63 an exceptional case. 15 USC §1117.

It is therefore

ORDERED

Judgment shall be entered in the following form which is hereby approved for entry by the Clerk:

1. Defendants Gemeinde Brau, Inc., Paul A. Zimmerman, Emma J. Zimmerman, and Cold Spring Brewing Co. and their agents, servants and employees are hereby permanently enjoined from using AMANA or any confusingly similar variation thereof in connection with the sale or advertising of beverages including beer or related products.

2. Defendants shall pay the costs of this action.

3. Defendants shall pay plaintiff Amana Society's reasonable attorneys' fees to be stipulated to by the parties. In the event reasonable attorneys' fees cannot be agreed to, they shall be submitted upon affidavit without further hearing.

4. The parties shall stipulate defendants' profits from the sale of Amana Beer and defendants shall pay plaintiffs that amount. In the event defendants' profits cannot be agreed to, they shall be submitted upon affidavit without further hearing.

5. By not later than August 16, 1976, defendants shall deliver all advertisements, labels, signs, prints, packages, wrappers, receptacles, including AMANA BEER cans, in defendants' possession bearing plaintiffs' registered mark AMANA to plaintiffs who shall destroy the same.

July 13, 1976.

s / EDWARD J. McMANUS, Chief Judge
United States District Court

APPENDIX B

**IN THE UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT**

GEMEINDE BRAU, INC., <i>et al.</i> , Appellants,	No. 76-1874
v.	
AMANA SOCIETY, <i>et al.</i> , Appellees.	
AMANA REFRIGERATION, INC., Cross-Appellant,	No. 76-1902
v.	
GEMEINDE BRAU, INC., <i>et al.</i> , Cross-Appellees.	
AMANA SOCIETY, Cross-Appellant,	No. 76-1993
v.	
GEMEINDE BRAU, INC., <i>et al.</i> , Cross-Appellees.	

Appeals from the United States District Court
for the Northern District of Iowa

Submitted: June 15, 1977

Filed: July 6, 1977

Before: GIBSON, Chief Judge, HEANEY and
STEPHENSON, Circuit Judges.

PER CURIAM.

Plaintiffs Amana Society and Amana Refrigeration
instituted this trademark infringement and unfair

competition action against defendants Gemeinde Brau, Inc., Cold Spring Brewing Co. and Paul and Emma Zimmerman. Defendants are accused of infringing plaintiffs' "Amana" trademark by distributing "Amana Beer." Amana Society has registered the trademark "Amana" for use with the manufacture and distribution of its bread, buns, cakes, rolls, hams, bacon, sausage, woolen clothing and walnut and cherry furniture. Amana Refrigeration, with the Amana Society's consent, has registered the "Amana" trademark for its cooking ovens, furnaces, dehumidifiers, air conditioners, refrigerators and freezers.

Over the objection of Amana Society, defendants began marketing Amana Beer in December 1975. This litigation immediately ensued. In a non-jury trial, Chief Judge McManus of the Northern District of Iowa found that the sale of Amana Beer is likely to cause the public to conclude that "Amana Beer is sold, sponsored by, or otherwise connected with plaintiffs." The court concluded that the distinctive trademark "Amana" has acquired a secondary meaning and that defendants' use of the trademark is likely to confuse the consuming public. Accordingly, the court ruled that defendants were infringing the trademarks of Amana Society and Amana Refrigeration. Defendants were permanently enjoined from using "Amana" in the sale or advertising of beer or related products and were ordered to turn over the profits from the sale of Amana Beer to plaintiffs. All Amana Beer cans in defendants' possession are to be delivered to plaintiffs for destruction. Finally, the court awarded Amana Society \$5,000 for attorneys' fees, but denied Amana

Refrigeration's request for attorneys' fees.

On this appeal, defendants challenge the merits of the District Court's decision. In cross-appeals, Amana Society contests the adequacy of the court's award of attorneys' fees and Amana Refrigeration argues that the court erred in overruling its request for attorneys' fees.

Upon a review of the record and of the briefs and arguments of the parties, we are convinced that the trial court's findings of fact are not clearly erroneous and it applied the correct legal principles to the factual issues presented. There is abundant evidence to establish that defendants are infringing the "Amana" trademark. Contrary to defendants' assertion, it is permissible for Amana Society and Amana Refrigeration, each holding rights to use the "Amana" trademark for particular goods, to institute a joint infringement action against a person or entity unlawfully using that mark. *See California Fruit Growers Exchange v. Windsor Beverages*, 118 F.2d 149 (7th Cir. 1941). We have considered the arguments of Amana Society and Amana Refrigeration on the issue of attorneys' fees and conclude that the District Court's rulings on attorneys' fees were within the proper range of its discretion.

We affirm the judgment on the basis of the District Court's opinion, which is reported at 417 F. Supp. 310 (N.D. Ia. 1976).

A true copy.

Attest:

Clerk, U.S. Court of Appeals, Eighth Circuit

OCT 27 1977

MICHAEL RODAK, JR., CLERK

IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1977

No. 77-494

GEMEINDE BRAÜ, INC., PAUL A. ZIMMERMAN, EMMA J. ZIMMERMAN and
COLD SPRING BREWING CO.,
Petitioners,

v.

AMANA SOCIETY and AMANA REFRIGERATION, INC.,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals
for the Eighth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

and

MOTION UNDER RULE 56(4)

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IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1977

No. 77-494

GEMEINDE BRAÜ, INC., PAUL A. ZIMMERMAN, EMMA J. ZIMMERMAN and
COLD SPRING BREWING CO.,
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v.

AMANA SOCIETY and AMANA REFRIGERATION, INC.,
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On Petition for Writ of Certiorari to the United States Court of Appeals
for the Eighth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION
and
MOTION UNDER RULE 56(4)

OPINIONS BELOW

The opinion of the United States District Court for the Northern District of Iowa, Cedar Rapids Division, is reported at 417 F.Supp. 310 (N.D. Iowa 1976), and the opinion of the United States Court of Appeals for the Eighth Circuit is reported at 557 F.2d 638 (8th Cir. 1977).

JURISDICTION

Jurisdiction of the Supreme Court of the United States in this matter arises under 15 U.S.C. Section 1122 and 28 U.S.C. Section 1254(1), not under 15 U.S.C. Section 1 as petitioners assert.

STATUTES INVOLVED

Respondents deny that either statute, 15 U.S.C. 1 or 15 U.S.C. 1115(b)(7), cited by petitioners is properly involved in this matter. Instead, to the extent any statutes are properly involved in connection with the Petition, the most important are 15 U.S.C. Sections 1114(1), 1116 and 1117, the pertinent portions of which provide:

15 U.S.C. 1114(1)

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided. . . .

15 U.S.C. 1116

The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office. . . .

15 U.S.C. 1117

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have been established in any civil action arising under this Chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. . . . The court in exceptional cases may award reasonable attorney fees to the prevailing party.

QUESTIONS PRESENTED

Respondents deny that the "Questions Presented" in this matter are as stated by petitioners. Rather, respondents assert that the following is the single, proper question presented.

Whether, especially in view of the Court of Appeals' *per curiam* affirmation of the District Court's findings of fact and conclusions of law, the Petition, particularly in the light of this Court's Rule 19, presents any aspect of the matter which warrants issue of a Writ of Certiorari.

STATEMENT OF THE CASE

A. Proceedings in the District Court.

These actions were begun by respondents by the filing of separate Complaints on December 31, 1975 charging petitioners Gemeinde Braii Inc., Paul A. Zimmerman and Emma J. Zimmerman with Federal statutory trademark infringement, common law unfair competition and State statutory trademark infringement and requesting a Preliminary Injunction. A hearing was held on January 8, 1976, at which both actions were con-

solidated and resulted in the grant of a Preliminary Injunction against the foregoing three petitioners on January 9, 1976.

After discovery proceedings, each respondent filed a Motion for Leave to File an Amended and Substituted Complaint adding petitioner Cold Spring Brewing Co. as a defendant, accompanied by an Application for a Temporary Restraining Order and Preliminary Injunction against it. Both Motions and Applications were granted. The Amended and Substituted Complaints, in addition to counts charging all petitioners with Federal statutory trademark infringement, common law unfair competition and State statutory trademark infringement, also added counts charging Federal statutory unfair competition and, in the Complaint of respondent Amana Society, a count was added to enjoin an attempt by petitioners Gemeinde Brau, Inc., Paul A. Zimmerman and Emma J. Zimmerman to procure a false trademark registration from the United States Patent and Trademark Office.

A trial on the merits was held March 10, 1976 and resulted in the Judgment of the District Court of July 13, 1976 from which petitioners appealed to the Court of Appeals for the Eighth Circuit and respondent Amana Refrigeration, Inc. cross-appealed. Following subsequent proceedings in accordance with the July 13, 1976 Judgment, a supplemental Judgment of September 24, 1976 was entered fixing the amounts of petitioners' profits and respondent Amana Society's attorneys' fees to be paid by petitioners on account of the amount of which fees respondent Amana Society cross-appealed.

B. Proceedings in the Court of Appeals.

The consolidated appeals and cross appeals were argued before the Court of Appeals on June 15, 1977 and on July 6, 1977 that Court, in a *per curiam* decision, affirmed the judgment of

the District Court in its entirety, stating that "Upon a review of the record and of the briefs and arguments of the parties, we are convinced that the trial court's findings of fact are not clearly erroneous and it applied the correct legal principles to the factual issues presented." 557 F.2d at 639.

CONDENSED STATEMENT OF FACTS

Respondent Amana Society was incorporated in Iowa in about 1854 as a sort of communal settlement. The Society owns agricultural lands within which are seven unincorporated villages, including the village of "Amana". Amana Society owned enterprises manufacture woolens, furniture, meats, bread and other products, all within the corporate or territorial limits of the Society. These manufactured articles are and have been for many years sold under the name AMANA, some on a nationwide basis. The Amana Society owns three incontestable Federal Registrations of AMANA as a trademark for a variety of goods including bread, meats, furniture and woolens. These Registrations recite dates of first use of AMANA as a trademark on the goods concerned as far back as 1932.

Respondent Amana Refrigeration, Inc.'s predecessor corporation purchased in 1950 the assets of the refrigeration business previously conducted by respondent Amana Society. Included was the goodwill, especially the ownership of the trademark AMANA with respect to certain refrigeration products. It currently manufactures various appliances such as air conditioners, freezers, refrigerators, microwave ovens and furnaces. These it sells under the trademark AMANA in all 50 states of the United States and throughout the world. Amana Refrigeration also owns three incontestable Federal Trademark Registrations of AMANA for refrigerators, freezers, air conditioners and the like with dates of first use going back to 1945.

Petitioner Gemeinde Braü, Inc. was formed as an Iowa corporation in 1971 whose principal office is located near South Amana, another of the Amana Society villages. Its only officers and directors are petitioners Paul A. Zimmerman and his wife Emma J. Zimmerman. Gemeinde Braü, Inc.'s business is the wholesaling of beer. Previous to the events giving rise to these actions, Gemeinde Braü, Inc. sold and still is selling beer under the name GEMEINDE BRAÜ. The beer itself, on the other hand, is produced for Gemeinde Braü, Inc. and to its specifications by petitioner Cold Spring Brewing Co. of Cold Spring, Minnesota.

Suddenly on December 29, 1975, without the consent or knowledge of either respondent, Gemeinde Braü, Inc. began to market another beer under the name AMANA BEER. *It did so despite the fact that several years previously Mr. Zimmerman had requested permission of the Amana Society to market beer under the AMANA name and had been refused.* AMANA BEER was brewed by petitioner Cold Spring Brewing Co. to the specifications of petitioners Mr. and Mrs. Zimmerman. AMANA BEER was sold to retail stores in and about the Amana villages and in other cities, in many of which respondent Amana Society's bread and meats are also sold under its mark AMANA. The marketing of AMANA BEER resulted in the filing on December 31, 1975 of the present actions by respondents.

ARGUMENT

A. The Petition Contains Fundamental Errors as to the Scope of Review in This Court and Basic Misconceptions as to Trademark Law.

Three of the four questions which petitioners assert are presented for review are (1) whether respondents are "jointly owners" of the trademark AMANA for beer in connection with which neither respondent has used the mark and for which neither has registered it; (2) whether petitioners' use of "AMANA BEER, Amana, Iowa," is a geographical use of AMANA or an infringement of respondents' registered mark AMANA; and (3) whether respondent Amana Society was properly awarded attorney fees under the circumstances.

In the first place, petitioners are, in effect, asking this Court to countermand the District Court's findings of fact. That Court found that respondents were each the owners of the mark AMANA for certain goods, the Amana Society for "bread, buns, cakes, rolls, hams, bacon, sausage" and other goods, and Amana Refrigeration, Inc. for "refrigerators, freezers, and parts thereof" and other appliances. It further found that the sale of AMANA BEER by petitioners was likely to cause the public to believe that beer is sold, sponsored by or otherwise connected with respondents. The District Court therefore concluded as a matter of law, pursuant to 15 U.S.C. Section 1114(1), that petitioners' use of AMANA BEER thereby infringed the trademark AMANA owned by each respondent and that petitioners should thus be enjoined pursuant to 15 U.S.C. Section 1116. The District Court also concluded that petitioners' deliberate use of AMANA for beer after having been denied permission by respondent the Amana Society entitled the latter to an award of reasonable attorney fees, this being an "exceptional case" within 15 U.S.C. Section 1117. The Court of Appeals, in

turn, affirmed the judgment of the District Court in its entirety, stating, as noted above, that the District Court's findings of fact were not clearly erroneous and that it applied the correct legal principles. As to the award of attorney fees to respondent the Amana Society, the Court of Appeals said the District Court acted "within the proper range of its discretion" (557 F.2d at 639).

Nothing in the Petition demonstrates that any of the District Court's findings in the foregoing regards were "clearly erroneous" as required by Rule 52a, Federal Rules of Civil Procedure, in order for this Court to overturn them. Hence, under these circumstances for petitioners to say in effect that the District Court's findings of fact in these regards are questions presented for review is wholly and fundamentally incorrect.

In the second place, and equally important, is the fact that the foregoing three questions asserted for review by petitioners, especially when taken together with the statements on pages 5-8 of their Petition,* also reflect certain basic *misconceptions* of established trademark law which have permeated this matter from its very beginning. The most important of these misconceptions are: (1) that respondents' rights under their trademark AMANA cannot extend to beer because neither has used, or could use, or has registered that mark for beer; (2) that a geographical term, such as "Amana", cannot also function in appropriate instances as a trademark; (3) that it reflects upon the integrity of a trademark that some purchasers of goods bearing that mark may not know the actual source of those

* Although the statements on pages 5-8 of the Petition include a few of the District Court's findings, many of these statements refer to evidence introduced by petitioners which is irrelevant as well as misleading. For instance, petitioners in paragraph h on page 6 state that there was "no evidence of confusion in the marketplace" whereas the District Court in footnote 3 to its findings of fact referred to testimony that there were in fact instances of *actual* confusion.

goods; and (4) that there was no infringement because there was no evidence of *actual* confusion (despite evidence to contrary referred to in the foregoing footnote). The long settled law, however, is clearly contrary to petitioners' views, *and it is noteworthy and significant that petitioners cite no decisions supporting those views.*

(1) The fact that respondents have never used or registered their mark AMANA for beer is irrelevant because the rights of a trademark owner are *not* limited to the precise goods upon which he uses the mark or for which it may be registered. Rather, he may enforce his mark and registration against other goods *upon which use of the mark would be likely to cause confusion or mistake or deception* under the statute, 15 U.S.C. Section 1114(1). *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792 (5th Cir. 1954), *cert. den.*, 348 U.S. 888, 75 S.Ct. 208, 99 L.Ed. 697 (1954). Petitioners continue to confuse the rights given by a Federal trademark registration *as to the goods named in the registration* with the right to *enforce* that registration as to goods *not* named in the registration. *Johnson & Johnson v. Diaz*, 339 F.Supp. 60 (C.D. Cal. 1971). Nor is it a defense that the trademark owner might not be able legally to manufacture the accused goods (e.g., beer). *Vickers, Inc. v. Fallon*, 48 F.Supp. 221 (E.D. Mich. 1943) (no defense that sale of defendant's goods bearing infringing mark does not come within plaintiff's corporate charter); *Atlas Diesel Engine Corp. v. Atlas Diesel School*, 60 F.Supp. 429 (E.D. Mo. 1945) (no defense that plaintiff not chartered to do business in defendants' state).

(2) The fact that "Amana" may also be a geographical term does not prevent it in appropriate circumstances from also functioning as a trademark. As this Court held in *Baglin v. Cusenier Co.*, 221 U.S. 580, 31 S.Ct. 669, 55 L.Ed. 863 (1911), the fact that the primary meaning of the word "Char-teuse" was geographical, being the name of locality and of a

monastery in France, did not prevent the acquisition of the exclusive right to use it as the designation of a liqueur made by the monks of the monastery of La Grande Chartreuse. That is to say, as Courts have consistently held, when a geographical term is used in an *arbitrary* sense or has acquired a *secondary meaning*, it may be the subject of a valid trademark. *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*, 240 U.S. 251, 36 S.Ct. 269, 60 L.Ed. 629 (1916) ("The American Girl"); *McIlhenny Co. v. Gaidry*, 253 Fed. 613 (5th Cir. 1918) ("Tobasco Sause"); cf. *Armstrong Paint and Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195 (1938) (words which are primarily descriptive in a general context may acquire a secondary meaning in a particular context and function as a trademark). In the present matter the District Court concluded that as to *each* respondent AMANA has in fact acquired a secondary meaning and functions as a trademark.

(3) Even though the public or purchasers do not know who the actual manufacturer of the goods concerned is does not affect the validity or function of a trademark. *Saalfeld Publishing Co. v. G. & C. Merriam Co.*, 238 Fed. 1 (6th Cir. 1917), *cert. den.*, 243 U.S. 651, 37 S.Ct. 478, 61 L.Ed. 947 (1917). Well recognized examples of this are products sold under "private labels" or "private brands".

(4) It is clear from the statute, 15 U.S.C. Section 1114(1), and the cases that there need not be actual confusion, but only *likelihood* of confusion, in order for there to be trademark infringement. *David Sherman Corp v. Heublein, Inc.*, 223 F. Supp. 430 (E.D. Mo. 1963), *aff'd*, 340 F.2d 377 (8th Cir. 1965).

The foregoing principles of trademark law were those applied or considered by the District Court, and there is absolutely *nothing* in the Petition, particularly in the light of the

District Court's findings, by way of fact, law or argument, that impugns the correctness of the District Court's conclusions of law or the Court of Appeal's approval of them.

B. The Petition on Its Face Presents No "Anti-Trust Violation" for Review by This Court.

The remaining question asserted by petitioners as presented for review involves an alleged "anti-trust violation" by respondent the Amana Society, the purported basis being the letter (petitioners' Exhibit D-11) set forth on page 3 of the Petition. Petitioners assert it constituted a violation of Section 1 of the Sherman Act, 15 U.S.C. 1. But it did not for several reasons, *and here again it is noteworthy and significant that petitioners cite no decisions supporting their assertion.*

(1) In the first place, Section 1 of the Sherman Act by its very words and as judicially interpreted requires some "contract", "combination" or "conspiracy", *Six Twenty-Nine Productions, Inc. v. Rollin Telecasting, Inc.*, 365 F.2d 478 (7th Cir. 1966), some *joint* action, *House of Materials, Inc. v. Simplicity Patterns Co.*, 298 F.2d 867 (2d Cir. 1962), or some commitment to a *common scheme*, *U.S. v. Standard Oil Co.*, 316 F.2d 884 (7th Cir. 1963). Any conspiracy must be the result of some *agreement*, *Theatre Enterprises, Inc. v. Paramount Film Distributing Corp.*, 346 U.S. 537, 74 S.Ct. 257, 98 L.Ed. 273 (1954); *U.S. v. Kissel*, 218 U.S. 601, 31 S.Ct. 124, 54 L.Ed. 1168 (1910). Exhibit D-11 by itself obviously fulfills none of these requirements. Furthermore, there was no testimony or other facts introduced at the trial, and there is nothing in the Petition itself, which tends to prove or suggest any such "contract", "combination" or "conspiracy" by respondent the Amana Society with respondent Amana Refrigeration, Inc., or with the addressee of Exhibit D-11, or with anyone else. Nor was there any evidence or is there any assertion

that Exhibit D-11 involved or affected interstate commerce, another necessity before Section 1 of the Sherman Act can be invoked. *U.S. v. Oregon State Medical Society*, 343 U.S. 326, 72 S.Ct. 690, 96 L.Ed. 978 (1952).

(2) In the second place, even were Exhibit D-11 the "anti-trust violation" asserted by petitioners, that would not affect respondent Amana Society's rights in its trademark AMANA or the validity or enforcement of its registration of that mark. As the Courts have held, it must be the *trademark itself* which is used in violation of the anti-trust laws before the right to enforce it can be affected, *Forstmann Woolen Co. v. Murray Slices Corp.*, 10 F.R.D. 367 (S.D. N.Y. 1950) (trade boycott and retail price control not involving a trademark would not prevent enforcement of the mark). An example of a situation in which anti-trust violations affected the enforceability of a trademark is found in *Timken Roller Bearing Co. v. U.S.*, 341 U.S. 593, 71 S.Ct. 971, 95 L.Ed. 1199 (1951), involving *licenses* of a trademark in a violative manner. Plainly, the letter of Exhibit D-11 does not assert the trademark AMANA in any way against the addressee of the letter. Petitioners also cite 15 U.S.C. Section 1115(b)(7) as foreclosing respondent Amana Society's right to enforce its registered mark AMANA, but that Section merely affects *incontestability* of the registration, that is to say, its *evidentiary* advantages, not its validity or enforcement. *Cott Beverage Corp. v. Canada Dry Ginger Ale, Inc.*, 146 F.Supp. 300 (S.D. N.Y. 1956), *appeal dismissed*, 243 F.2d 795 (2d Cir. 1957). In any event, petitioners are foreclosed from attacking the validity of respondent the Amana Society's trademark registrations because they have *admitted* their *incontestability* in Paragraph I (7) of "Defendants' Answer to Plaintiffs' Amended and Substituted Complaints in Consolidated Action".

(3) In the third place, while the alleged "anti-trust violation" was not raised in any of the pleadings, yet the letter in-

volved, Exhibit D-11, was referred to in testimony at the trial. There, it was brought out, Exhibit D-11 was written but a few days after the infringing AMANA BEER first appeared on the market and reflected the anger and dismay of the Amana Society officials. The land referred to in Exhibit D-11 was leased to the Oktoberfest Committee by respondent the Amana Society at a nominal rental (to cover taxes) in order for the Committee to conduct annual promotional activities on behalf of others including the Amana Society. Furthermore, the "issue" was discussed in the briefs before the District Court, in petitioners' briefs before the Court of Appeals, and in oral argument before the latter Court. Hence, it is both misleading and incorrect for petitioners to imply, in effect, to this Court on pages 3-4 and 8 of their Petition that the matter was overlooked or to state that petitioners did not have their "day in Court" with respect to the "issue". Actually, the probable reason the matter was not mentioned in the opinions of either Court is that both regarded it as too unsubstantial even to warrant comment. After all, petitioners introduced *absolutely no testimony or evidence* that Exhibit D-11 in fact affected the actions of the Oktoberfest Committee, or in fact resulted in that Committee refusing to sell petitioners' products, or in fact resulted in any damage at all to petitioners. Under these circumstances it is little wonder that both Courts thought the matter too un consequential even to mention.

C. Under This Court's Rule 19 There Is Nothing in the Petition Warranting Grant of the Writ.

Finally, there is *absolutely no showing in the Petition*, under the criteria set forth in this Court's Rule 19, that the decision of the Court of Appeals (or that of the District Court) in this matter is in conflict with the decision of any other Court of Appeals, or has decided an important question of federal law which has not been but should be settled by this Court or decided a federal question in a manner conflicting with decisions

of this Court, or has so far departed from accepted and usual judicial proceedings, or sanctioned such a departure, as to call for this Court's supervision. The entire matter has been a routine, if interesting, trademark case in which well established and acknowledged rules of trademark law have been, as the Court of Appeals declared, properly applied to facts found by the District Court which were not clearly erroneous.

CONCLUSION

For the foregoing reasons, the Petition for Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit should be denied.

MOTION FOR AWARD OF DAMAGES FOR DELAY CAUSED BY PETITION FOR CERTIORARI

Respondents, in addition to urging denial of the foregoing Petition for Writ of Certiorari, also move the Court for an award of damages pursuant to Rule 56(4) of the Rules of this Court, if the foregoing Petition be denied, upon the ground that it is manifest that there was no ground in Petitioners' Brief for granting the Writ. Such damages, Respondents suggest, should at least reasonably compensate Respondents for the costs of preparation and printing of this Brief.

Respectfully submitted,

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No. 77-494

Supreme Court, U. S.

FILED

NOV 17 1977

MICHAEL RODAK, JR., CLERK

IN THE
SUPREME COURT
OF THE UNITED
STATES

November Term, 1977

GEMEINDE BRAU, INC.
PAUL A. ZIMMERMAN
EMMA J. ZIMMERMAN and
COLD SPRING BREWING CO.

Petitioners,

v.

AMANA SOCIETY, and
AMANA REFRIGERATION, INC.,

Respondents.

REPLY BRIEF OF PETITIONERS and OPPOSITION
TO RESPONDENTS MOTION UNDER RULE 56(4)

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TABLE OF AUTHORITIES

Cases

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In response to Brief for Respondents in Opposition and Motion Under Rule 56(4), petitioners are compelled to respond to a specific issue before the response to other issues raised would normally occur during trial.

Turning to Section B on page 11 of Brief for Respondents in Opposition and Motion Under Rule 56(4), petitioners would point out the following:

In the first paragraph, respondents note that it is "significant that petitioners cite no decisions supporting their assertion" (of alleged violation of Section 1 of the Sherman Act 15 U.S.C. 1).

Surely the meaning of this basic anti-trust statute is not so vague that it requires a court decision to interpret its clear wording that identifies an anti-trust violation as being "Every...combination...in restraint of trade...". It was enacted to prevent restraint of trade by more than one entity acting in "combination". Respondents have not denied that such a letter (Exhibit D-11) was written and they cannot deny that the action of both Amana Society and the Oktoberfest Committee did result in restraint of sale of any and all Gemeinde Brau products and such restraint was motivated because one only of Gemeinde Brau's products bore the legend "AMANA BEER, Amana, Iowa" which Amana Society felt infringed their trademark of "AMANA" for breads, meats, etc., but the letter (Exhibit D-11) was not so restricted, and restrained the sale of other beers of

petitioners, bearing the names "Gemeinde Brau" and "Cold Spring Beer" which names were not the subject of any court injunctions, which restraint of trade and restriction of sale by Amana Society and the Oktoberfest Committee cannot be denied by respondents (and such instilled restraint continues with lingering induced fear among certain local retailers). Furthermore, beer manufactured in Cold Spring, Minnesota, and sold in Iowa, is, per se, interstate commerce.

Moreover, petitioner's initial brief (Brief and Argument of Defendants, page 3) did in fact, cite a decision to point out that an anti-trust violation was a defense in a trademark infringement action (Phi Delta Theta Fraternity v. J.A. Buchroeder, 149 U.S.P.Q. 159; 251 FS 968 - 1966) which stated "Not only is violation of antitrust laws a defense to trademark infringement, but also injured party may base thereon an action for violation of antitrust laws."

Petitioners are not foreclosed from attacking the validity of Amana Society's trademark and even if a trademark is "incontestable" this incontestability applies only to "goods" and services specified in the registration" according to 15 U.S.C. 1115(a); and beer has never been so specified.

Respondent's action in sending the letter that resulted in this restraint of trade, was a use (or rather misuse) of the trademark itself to achieve the restraint of trade even to products not bearing the alleged infringing trademark, and was an

anti-trust violation.

Respondents statement on page 12, lower half of paragraph (2), that 15 U.S.C. 1115 (b)(7) "merely affects the incontestability of the registration" is simply incorrect. The cited Phi Delta Theta case holds with unmistakeable clarity that:

"[4] In similar manner, we may not lightly assume that the enactment of laws under which trademarks could be registered or equitable principles applicable to trademarks generally were intended to render ineffective the execution of the national economic policy of the United States as long expressed in the antitrust laws; particularly, when in the most recently enacted trademark law, the Lanham Act, in Section 33(b)(7), (Section 1115 (b)(7), Title 15 United States Code) expressly provides that the violation of the anti-trust laws shall be a defense to trademark infringement." (Emphasis added)

Other recent cases repeat the legal ruling that an anti-trust violation is a defense in a trademark infringement rather than merely a defense to the incontestability of the mark. See Redd v. Shell Oil Company, 184 U.S.P.Q. 675 - 1974, which holds:

"The legislative history of Section 33(b)(7) of the Lanham Act makes clear the intent of Congress to bar infringement actions on marks being used to violate the antitrust laws of the United States. Subsection 7 of Section 33(b)

was inserted in the final bill at the insistence of the Senate and by agreement at the Conference Committee of the Senate and the House. The Conference Committee Report stated that 'This amendment provides that the use of a registered mark in violation of the antitrust laws shall constitute a defense to a suit by the registrant.' 92 Cong. Rec. 7872 (79th Cong., 2nd Sess., June 25, 1946). Senator O'Mahoney, a member of the Conference Committee and sponsor of the amendment, insisted that the purpose of the amendment be made absolutely clear: 'Mr. President, the point I wish to make perfectly clear is that the use of such a mark to violate the antitrust laws constitutes a defense to an infringement suit.' 'It is of such great importance to the public of the United States that restraints of trade shall not be permitted, that the Senate inserted this amendment, to make it a defense to an infringement suit as well as to make it a ground for contestability if it should be shown that the registrant was using the mark itself to violate the antitrust law.' (92 Cong. Rec. 7873)

All three Senate conferees agreed that the test is not 'that the trademark must be used in violation of the anti-trust laws as the sole and efficient cause', but that 'it must at least be one of the active, proximate causes in the violation.'

Referring to page 13, the motive behind the Amana Society's action in writing the

letter (Exhibit D-11), whether "anger" or "dismay" is, of course, totally irrelevant to the fact that the result was a restraint of trade by a combination of entities and thus an anti-trust violation and a defense in a trademark action.

Respondents speculation on the "probable reasons" why the courts below did not touch on the issue of the anti-trust violation is not, in petitioner's view, of importance. What is important in petitioner's mind is that this very crucial issue was not ruled on. In view of this fact alone, petitioners are justified in pursuing (in fact, would be derelect in not pursuing) this appeal, since justice cannot be discharged without such a ruling.

Respondents request for denial of Petition for Writ of Certiorari and their Motion for Award of Damages under Rule 56(4) should not be allowed.

Petitioners respectfully petition that the Supreme Court accept this case and rule on at least this anti-trust matter that our Government considers a most important area of the law today, or remand this case to the courts below so they may specifically so rule.

Respectfully submitted,

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